

61-9521/1

9 October 1961

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director (Support)

SUBJECT: Further Comment on the Inspector General's Report of Survey of the Office of Logistics

REFERENCE: Memorandum for DCI from DD/S, dated 29 September 1961, Subject, Inspector General's Survey of the Office of Logistics, June 1961

1. After signing off on the referenced memorandum, I have heard considerably more discussion with respect to implementation of Recommendation No. 23, and I fear there may be some misunderstanding as to just what my concurrence in that recommendation was intended to convey. Recommendation No. 23 says:

The Deputy Directors authorize periodic reviews of direct procurement activities of components under their jurisdiction and the Director of Logistics assume responsibility for the periodic reviews as specified from time to time by the Deputy Director (Support).

The statement in which I concurred is as follows:

This recommendation has been discussed with the activities of DD/I and DD/P to whom authority has been delegated to effect their own procurement. These activities have agreed to complete arrangements for periodic reviews as specified.

2. I should like briefly to review the circumstances surrounding the DPD contracting function. The present official Contracting Officer for DPD is [REDACTED], who, when nominated for this position by the Director of

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Logistics, was Deputy Chief (Contracts), Procurement Division, OL. He has a staff of six other persons (four negotiators and two clerical). All negotiators are Logistics careerists, and all except one were nominated for DPD service from the Office of Logistics with extensive background experience in Government contracting. The complexity and nature of the DPD contracting function were well known when these individuals were selectively and generously made available by the Director of Logistics.

5X1A1d 3. The original procurement procedures and patterns of the Development Projects Staff (predecessor organization to DPD) were formulated under my supervision in close coordination with the General Counsel. Later, on my initiative, a review of all phases of DPS procurement was made and an overall and somewhat formal presentation thereof made in August 1958 to the DD/S, Director of Logistics, and General Counsel. This presentation was made to allow joint consideration of propriety and progress to date and covered the types and forms of contracts being used, contractor selection methods, contract audit techniques [REDACTED], security requirements, and something of the contracting philosophy which seemed to have been highly effective. This presentation confirmed that DPS Contracting was following good procurement practices and that its procedures were consistent with Government procurement regulations. Since that time, a representative of OGC has been assigned full time to DPD and has been reviewing each contract action and otherwise holding himself available for legal consultation whenever required. Furthermore, the Agency's internal Audit Staff makes an annual audit of DPD contracts.

4. My concurrence in Recommendation Number 23 had the purpose of giving formal recognition to the role of the Director of Logistics as the senior Agency officer dealing with procurement policy. In view of the history and facts related above, I would hope that the "periodic reviews" called for would not become highly formalized and would not in any event be delegated to subordinate staff members of the Office of Logistics. I understand that periodic consultation on procurement policies and functions has been and is taking place between the DPD Contracting Officer and the Director of Logistics, and I should think that such consultation would meet the needs described by the Inspector General. If the Director of Logistics nominates for DPD procurement positions those individuals in whom he has confidence to perform the procurement tasks assigned and is periodically kept informed of their procurement program, this would seem to be adequate implementation of Recommendation Number 23. The tight security compartmentation requirements, exigencies of time, and day-to-day complexities of DPD programs do not

permit briefing other Logistics staff members nor warrant the expenditure of time required to keep them currently knowledgeable concerning DPD's fast-moving procurement program.

RICHARD M. BISSELL, JR.
Deputy Director
(Plans)

cc: DDCI
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